

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 EB-11 COME-00 INT-08 SCEM-02 SCI-06

CIEP-02 OMB-01 DRC-01 FTC-01 NEA-10 SSO-00 /163 W

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P R 201230Z DEC 73

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 5979

INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L KINSHASA 11041

E.O. 11652: GDS

TAGS: PFOR, ENRG, CG

SUBJECT: NATIONALIZATION OF PETROLEUM DISTRIBUTION

REF: KINSHASA 10999

1. MAGGIAR (MOBIL REP) HAS PROVIDED FURTHER DETAILS AND BACKGROUND ON MEETING REFTEL.

2. UMBA, COMMISSAIRE D'ETAT FOR MINES INFORMED OIL COMPANY REPS THAT GOZ WOULD ASSURE ITS NEEDS OF CRUDE OIL AND FINISHED PRODUCTS THROUGH AGREEMENTS WITH ARAB COUNTRIES.

3. GOZ HAS DECIDED TO PURCHASE ALL OF THE INSTALLATIONS AND PROPERTIES RELATED TO PETROLEUM DISTRIBUTION. COMPANIES AFFECTED MUST REMIT BEFORE DEC 31, 1973 TO GOZ AN INVENTORY OF ALL THEIR INSTALLATIONS, PROPERTIES AND EQUIPMENT TOGETHER WITH THEIR VALUE. COMPANIES MUST ALSO SUBMIT BALANCE SHEETS OF THE LAST 5 YEARS. GOZ WILL APPOINT A SPECIAL COMMITTEE TO VERIFY THE STATEMENTS SUBMITTED BY THE COMPANIES.

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4. THE GOZ WILL PROCEED TO IMPORT FINISHED PRODUCTS AND

CRUDE AS SOON AS TANKERS HAVE BEEN OBTAINED. IN THE MEANTIME, THE PETROLEUM COMPANIES:

A. WILL SELL THEIR EXISTING STOCKS;

B. WILL IMPORT THEIR ORDERS ALREADY ENROUTE TO ZAIRE AND MUST SEND THE COMMISSAIRE D'ETAT FOR ENERGY A LIST OF THEM;

C. MUST NOT PLACE ANY NEW ORDERS AFTER DEC 31, 1973.

5. THE PETROLEUM COMPANIES ARE INSTRUCTED TO CONTINUE PRESENT DISTRIBUTION AND MARKETING OPERATIONS WITH EXISTING PERSONNEL UNTIL INSTRUCTED OTHERWISE BY THE GOZ.

6. BISENGIMANA, DIRECTOR OF THE PRESIDENT'S OFFICE, TOLD WORLD BANK REP GUETTA THAT GOZ FORCED TO NATIONALIZE PETROLEUM DISTRIBUTION BECAUSE OF UNCOOPERATIVE ATTITUDE SHOWN BY ALL COMPANIES. WHEN THE COMPANIES EARLIER

INFORMED GOZ PETROLEUM SUPPLIES WOULD BE REDUCED BY AS MUCH AS 25 PERCENT, GOZ CHECKED WITH ARAB COUNTRIES AND WERE TOLD NO RPT NO REDUCTION WOULD BE MADE IN PETROLEUM ALLOCATIONS TO ZAIRE. GOZ SPECIFICALLY INFORMED BY ALGERIA SHIPMENT OF FINISHED PRODUCTS AVAILABLE DEC 15. OIL COMPANIES FAILED TO PROVIDE A TANKER ON THAT DATE AS REQUESTED THEREBY PROVOKING DECISION ANNOUNCED REFTEL.

7. MOBIL AND TEXACO REPS DISPUTE ABOVE SEQUENCE OF EVENTS. OIL COMPANIES DID INFORM GOZ APPROXIMATELY TWO WEEKS AGO THAT ARAB COUNTRIES HAD REDUCED PRODUCTION BY 20 PERCENT AND THAT THIS WOULD HAVE IMPLICATIONS FOR ZAIRE. GOZ TOOK POSITION ARABS NOT PENALIZING ZAIRE AND THAT EUROPEAN COUNTRIES SHOULD TAKE CUTS IN EXCESS OF 20 PERCENT IN ORDER THAT ZAIRE COULD CONTINUE TO RECEIVE FULL QUOTA. MAGGIAR SAYS OIL COMPANIES ON DEC 15 WERE ORDERED TO SEND A TANKER TO ALGERIA. ALTHOUGH OIL COMPANIES SOUGHT TO LOCATE A TANKER, NONE WAS CONFIDENTIAL

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IMMEDIATELY AVAILABLE. OIL COMPANY REPS CONSIDER BISENGIMANA'S STATEMENT ABOVE TO BE A PRETEXT FOR A PREVIOUSLY TAKEN DECISION BY GOZ.

8. OIL COMPANIES OBSERVE GOZ ITSELF NOT PRESENTLY CAPABLE OF TAKING OVER DISTRIBUTION AND MARKETING AND FOR THIS REASON COMPANIES HAVE BEEN INSTRUCTED TO CONTINUE BUSINESS AS USUAL FOR THE TIME BEING. OIL

COMPANY REPS ARE CONCERNED THAT DIRECT IMPORTATION
BY GOZ WILL RESULT IN SHORTAGES AND HIGHER PRICES.
AS TECHNICAL MATTER, THEY POINT OUT MOANDA REFINERY
BUILT TO USE SAUDI ARABIAN AND IRANIAN OIL AND
IMPORTATION OF CRUDE FROM LIBYA WAS ANNOUNCED BY GOZ.

9. TEXACO AND MOBIL REPS REACTING TO EVENTS CALMLY AND
ARE ADOPTING POSITIVE ATTITUDES IN RESPONSE TO GOZ'S
REQUESTS OUTLINED ABOVE.

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